



Excise Taxes Newsletter

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Please remember to . . .

- Tell us when you change your business or mailing address.
- Let us know if you add or drop partners.
- Notify us if you sell your business.
- Write your account number on your tax or fee payments.
- Call us for a replacement return if you don't receive your return at least ten days before the due date.

ALL TAX AND FEE PROGRAMS

1. Have an idea or concern? Share it at our Taxpayers' Bill of Rights Hearings

Every year, suggestions from taxpayers and tax professionals lead to improvements in the way we do business. Many of these suggestions are made at annual hearings held by the elected Members of the Board of Equalization (Board).

The hearings give interested parties the opportunity to comment on the tax and fee programs administered by the Board. If you would like to suggest ways to improve our services, or if you want us to look more closely at a tax or fee issue, you are encouraged to present your ideas.

Although you do not need to be scheduled in advance to speak at a hearing, it would help us to prepare if you contact us beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

Business and Property Tax Hearings

Culver City

Tuesday, August 20, 2002, 1:30 p.m.
State Board of Equalization District Office
5901 Green Valley Circle, Suite 207

Sacramento

Thursday, October 3, 2002, 1:30 p.m.
State Board of Equalization Headquarters
450 N Street, 1st Floor Board Room

To notify us of a topic you wish to discuss or to send written material in advance, please contact the

Taxpayers' Rights Advocate MIC:70
State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0070
Toll-free phone: 888-324-2798
Fax: 916-323-3319

2. Meetings will review regulations on recordkeeping and relief from liability

Three meetings have been scheduled for the coming months to discuss two proposed regulations:

- Regulation 4901, *Records*, and
- Regulation 4902, *Relief From Liability*.

The regulations will affect the following excise taxes programs: cigarette and tobacco products taxes, alcoholic beverage tax, energy resources surcharge, emergency telephone users surcharge, integrated waste management fee, California tire fee, and natural gas surcharge.

Your comments and participation are welcome

We welcome your comments on the proposed regulations and encourage you to participate in the meetings. After July 9, you can find more information regarding the proposals and the text of the regulations on our website at www.boe.ca.gov/meetings/btc2002.htm (check the November 12 item). You may also obtain copies of the regulations after July 9 by calling 916-327-4208.

Meetings scheduled

The meeting schedule is as follows:

- First Interested Parties Meeting: July 17, 10:00 a.m.
- Second Interested Parties Meeting: September 4, 10:00 a.m.
- Business Taxes Committee Meeting: November 12, 9:30 a.m. (*Note: This meeting was rescheduled from September 11 to allow more time for public participation and comment.*)

All meetings will be held at Board of Equalization Headquarters, 450 N Street, in Sacramento.

For more information or to comment

If you cannot attend the meetings but would like to comment on the proposed regulations, please send your comments to:

Mr. Arlo Gilbert
Special Taxes Department, MIC: 31
State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0031
E-mail: arlo.gilbert@boe.ca.gov
Fax: 916-324-2554

3. Would you like us to mail your returns to your accountant?

We can mail your tax or fee returns to your accountant provided that person is authorized to receive returns for at least five Board accounts (please check with your accountant).

To request this service, please send us a completed and signed form BOE-91, Tax- and Feepayer Authorization to Send Tax Returns/Reports to Accountant.

You can obtain a copy of the form by calling our Information Center at 800-400-7115. We can mail you a copy or you can use the automated fax-back system (see box on page 4). The form is also available on our website: www.boe.ca.gov (look under "Forms and Publications," then "Special Taxes" forms).

We will continue to mail your other account-related correspondence to your address of record.

ALCOHOLIC BEVERAGE TAX

4. Alcoholic beverage tax regulation update underway

While some alcoholic beverage tax regulations were updated in 1990, most have not been reviewed or amended since 1955. To ensure that all of the regulations are clear and reflect current law, our staff has suggested preliminary revisions that will be reviewed by the Board's Business Taxes Committee in July. The revisions reflect comments from industry representatives made in writing and at an interested party meeting held earlier this year (see December 2001 *Excise Taxes Newsletter*).

The proposed regulatory changes will be presented on July 31, 2002, at the Board's Business Taxes Committee meeting. The meeting will be held at our Headquarters building, Capitol Square, located at 450 N Street in Sacramento.

For a copy of the proposed regulation changes, see our website, www.boe.ca.gov/meetings/btc2002.htm (look for the July 31 item).

You may also obtain a copy of the regulations by calling 916-327-4208. For additional information please call our Excise Taxes Division at 800-400-7115.

CIGARETTE AND TOBACCO PRODUCTS TAX

5. Tax rate drops July 1, 2002, for tobacco products other than cigarettes

The tax rate for tobacco products other than cigarettes will be 48.89 percent from July 1, 2002, to June 30, 2003. The new rate—a decrease from the existing rate of 52.65 percent—was set by the Board at its May 7, 2002, meeting. Distributors must apply the new rate to all distributions of tobacco products (other than cigarettes) starting July 1.

If you have questions regarding the tax rate change, please contact our Excise Taxes Division at 800-400-7115.

6. New color for California cigarette tax stamps; old stamps still valid

The color of all denominations of California cigarette tax stamps changed in February 2002. The new stamps are pink with a blue inscription and border. The new stamps also include a randomly selected letter as part of their five-character serial number.

Distributors should continue to use the old stamps in their inventories until those inventories are depleted. Distributors may sell cigarettes bearing those older stamps to retailers.

All machine-applied and hand-applied stamps, including sheets of stamps for packages of 10 and 20 cigarettes and rolls of 25M and 25T, have been manufactured in the new colors and are now available.

If you have any questions regarding the new cigarette tax stamps, please contact the Excise Taxes Division at 800-400-7115.

7. Cigarette and tobacco product tax evasion is a serious crime

Cigarette and tobacco product tax evasion is a serious and expanding problem in California and other states. Tax evasion cheats programs that provide essential services for the state's residents and hurts honest businesspeople.

Cigarette and tobacco product tax evasion is a crime. Under the California Revenue and Taxation Code, any person who evades the reporting, assessment, or payment of cigarette or tobacco products taxes may be subject to fines, jail time, or both.

Examples of cigarette or tobacco product tax evasion

- Sale of unstamped cigarettes.
- Intentionally importing tobacco products from outside the state and distributing them without paying the appropriate California tobacco taxes.
- Sale of untaxed tobacco products.
- Sale of cigarettes with counterfeit tax stamps.

Cigarette and tobacco product tax evasion hurts the public and honest businesspeople

- California's cigarette and tobacco products taxes fund a number of important programs. Nearly 90 percent of those taxes are earmarked for breast cancer research, health education, hospital and physician services, research, public resources, and county-run projects for child health and development. Cigarette and tobacco product tax evasion reduces the revenue available to fund these important programs.
- Cigarette and tobacco product tax evasion hurts the honest business owner. (Unscrupulous sellers can undercut the prices charged by the legitimate businessperson.)
- Cigarette and tobacco product tax evasion has been accompanied by an increase in theft, hijacking, and cross-border smuggling.

Reporting cigarette and tobacco product tax evasion

Public awareness and involvement are essential for eliminating tobacco tax evasion. If you suspect or have knowledge of cigarette or tobacco product tax evasion, please contact our Investigations Division at 916-324-0105 or call our toll-free Tax Evasion Hotline at 888-334-3300.

INTEGRATED WASTE MANAGEMENT FEE

8. Solid waste fee to increase July 1

On July 1, 2002, the solid waste fee will increase from \$1.34 per ton to \$1.40 per ton. The new rate was set by the California Integrated Waste Management Board and is the maximum allowed by state law. The fee for wood waste will remain \$0.75 per ton.

If you have any questions regarding the increased fee, please contact the Excise Taxes Division at 800-400-7115.

EXCISE TAXES PUBLICATIONS

We produce a variety of free publications to help you understand and apply California law. The list below includes our excise taxes publications and other publications that may interest you. You can obtain copies by calling our Information Center (see box at right).

Selected publications are also available on our website: www.boe.ca.gov. Publication 51, *Guide to Board of Equalization Services*, includes a complete list of Board publications.

<i>Publication Number</i>	<i>Title</i>	<i>Publication Date</i>
<i>Text of statutes and regulations</i>		
5	Alcoholic Beverage Tax Law	1-02
16	Alcoholic Beverage Tax Regulations	1-01
4	California Cigarette and Tobacco Products Tax Law	1-02
15	Cigarette and Tobacco Products Tax Regulations	6-00
69	California Integrated Waste Management Fee Law	1-02
10	Energy Resources Surcharge Law	1-02
11	Energy Resources Surcharge Regulations	11-01
20	California Emergency Telephone Users Surcharge Law	1-02
39	Emergency Telephone Users Surcharge Regulations	6-01
7	Tax on Insurers Law	1-02
83	Tire Recycling Fee Law	1-02
<i>Single-sheet tax pamphlets</i>		
92	Alcoholic Beverage Tax	1-01
93	Cigarette and Tobacco Products Tax	6-00
91	Tire Recycling Fee	1-01
<i>Other publications of interest</i>		
17	Appeals Procedures: Sales & Use Taxes and Special Taxes	7-99
76	Audits	12-01
51	Guide to Board of Equalization Services	5-02
54	Tax Collection Procedures	3-00

FOR MORE INFORMATION

Information Center

800-400-7115

Telephone devices for the deaf

800-735-2929 (TDD)

800-735-2922 (voice)

Representatives are available to help you from 8:00 a.m. to 5:00 p.m., M-F, except State holidays. You can call anytime to order forms and publications (to leave a recorded request or use the fax-back service, select the "24-hour automated services" option from the main menu).

Excise Taxes Division. Write to us at: Excise Taxes Division, MIC:56, State Board of Equalization, P.O. Box 942879, Sacramento, CA 94279-0056. Or call us at 916-327-4208.

Internet. Visit us at www.boe.ca.gov to obtain information on tax rates, publications, legislation, regulations, telephone numbers, education programs, public meetings, and more.

Tax Evasion Hotline. To report suspected tax evasion, please call toll-free, **888-334-3300**.

Copies of Legislative Bills. Write to the Legislative Bill Room, State Capitol, Room B-32, Sacramento, CA 95814. Or visit the following website: www.leginfo.ca.gov/bilinfo.html. Be sure to read the final or latest version of the bill. The Bill Room does not provide copies of Board forms or publications.

Taxpayers' Rights Advocate. If you need help with a problem you have been unable to resolve at other levels, please contact the Advocate's office for assistance. Call toll-free, **888-324-2798**.